Congress of the United States
Washington, DC 20515

January 26, 2005

The President
The White House
Washington, DC 20500

Dear Mr. President:

We are deeply concerned that statements made by your administration on Social Security failed to include crucial information on how privatization will hurt America's younger workers by significantly reducing benefits and adding more than $2 trillion in debt over the next ten years. As younger Members of Congress, we have a special responsibility to speak out on those issues that would disproportionately affect younger people.

Today's workers will need Social Security's guaranteed retirement benefits just as much as today's retirees. More and more economic risk is being shifted to individual workers, making Social Security an even more important part of a diversified retirement portfolio. Young workers change jobs more often than their parents did, making it harder for them to qualify for pension benefits or to accumulate a meaningful balance in their 401(k) plans. Employers are rapidly scaling down their pension benefits for today's workers. And because wage growth has recently remained stagnant, it makes it harder and harder for workers to save on their own.

We welcome efforts to truly strengthen and improve Social Security, but privatization would do neither. Rather than making Social Security stronger, these proposals make it weaker. They drain approximately $2 trillion from the trust fund, leading to drastic cuts in benefits of more than 40 percent for future retirees.

Supporters of private accounts claim that these benefit cuts will be made up through the gains from the stock market. But nonpartisan economists including John Geanakoplos, Olivia Mitchell and Stephen Zeldes have determined that private accounts will never meet or surpass the currently proposed benefit, even under the most optimistic assumptions.

In addition to these cuts, your Administration is talking about borrowing approximately $2 trillion just in the next 10 years to pay the transition costs to privatization. Running up the debt will eventually increase interest rates and slow our economy. Our children and grandchildren will see their taxes rise to pay off the debt this proposal would create. These private accounts do nothing to improve the financial health of Social Security. Indeed, even without any changes, Social Security will be able to pay full benefits for almost fifty years, according to the nonpartisan Congressional Budget Office, and even after that, the system will be able to pay approximately 80 percent of benefits.

Thankfully, we have time to develop a bipartisan consensus on the best kinds of improvements to Social Security that would strengthen, not dismantle, this vital and effective system of assuring economic security. America's younger workers are depending on it.

Sincerely,

Rick Larsen

RICK LARSEN
Member of Congress

Tim Ryan

TIM RYAN
Member of Congress

Kendrick B. Meek

KENDRICK B. MEEK
Member of Congress

LINDA SANCHEZ
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